



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

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- a. Receive a presentation from the Department of Emergency Management on the Federal Emergency Management Agency (FEMA) Public Assistance Program; and
- b. Direct the County Administrator's Office to create a Disaster Finance Working Group to provide policy recommendations on financial management during disasters and post-disaster financial recovery; and
- c. Provide other direction to staff as appropriate.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive a presentation from the Department of Emergency Management on the Federal Emergency Management Agency (FEMA) Public Assistance Program; and
- b. Direct the County Administrator's Office to create a Disaster Finance Working Group to provide policy recommendations on financial management during disasters and post-disaster financial recovery; and
- c. Provide other direction to staff as appropriate.

SUMMARY:

The County of Monterey has experienced several natural disaster events in recent years resulting in significant response costs and damage to infrastructure. The Federal Emergency Management Agency (FEMA) Public Assistance (PA) Program provides funds to states and local governments for debris removal, emergency protective measures, and the repair or replacement of public buildings and infrastructure. While the FEMA PA Program provides vital aid to support response and recovery efforts from major disasters, the application process and determination of eligible funds is oftentimes complex and difficult to navigate, requiring a large investment of County resources.

DISCUSSION:

The Federal Emergency Management Agency (FEMA) Public Assistance (PA) disaster reimbursement process is complex and requires coordination among multiple intergovernmental agencies. The County faces several significant challenges throughout this process, which must be addressed to ensure timely and accurate reimbursements. There is a disparity between available County resources and the capacity needed to efficiently collect and submit information for reimbursement. Multiple back-to-back large disasters, such as occurred during the 2023 winter storms, further constrain the County's resources. There are several layers of review, regulation and reporting that can be difficult to navigate. The complexity of the process requires frequent

communication between County, state and FEMA staff, but often there are workforce challenges, such as turnover, that disrupt the process.

The County has experienced significant turnover in its assigned FEMA staff, with over 12 different FEMA lead staff assigned to Monterey County during the 2023 winter storm reimbursement process. This constant turnover has hindered the County's ability to progress with project submissions, as new FEMA staff must be briefed on the specifics of each project. FEMA staff have often provided inconsistent interpretations of FEMA policy, implemented conflicting guidance, and collected redundant information. Multiple arbitrary deadlines instituted by FEMA has led to rushed completion and submission of project applications. These rushed submissions frequently lead to poorly written projects, inaccuracies, and the need for additional work to rectify mistakes. Extensive Requests for Information with short turnaround time place a large demand on County staff, further restraining capacity.

FEMA is highly specific about acceptable documentation, and the County must maintain comprehensive and detailed records of every aspect of a project and tracking and reporting costs and activities in a manner that meets the PA program's stringent standards. Documentation requirements, for items such as force account labor, materials, and equipment, are burdensome and go beyond standard accounting processes that the County ordinarily uses, adding significant time to project development. Verifying and reviewing the accuracy of each claim leads to a large administrative burden on County staff. At the project level, FEMA's documentation requirements become even more detailed. The County must be prepared to provide precise data on everything from the dimensions of damage to GPS coordinates for debris staging to the means and methods used in construction and repair. The challenge is compounded by the need to accurately document the pre-disaster condition of infrastructure and facilities to justify repairs and ensure compliance with FEMA's eligibility standards. Additionally, FEMA has specific rules on how to allocate costs to different categories (e.g., debris removal, emergency protective measures, etc.), but the County often tracks projects by site, requiring extensive work to separate costs by category. Organizing projects to FEMA's arbitrary specifications requires extensive work to avoid delays and extensive RFIs. For example, on some projects FEMA has accepted payroll reports directly from the County's financial system as timesheets, while on other projects have requested detailed individual timesheets. Evolving requirements for documentation and inconsistent guidance on the level and type of information needed for different project types have caused confusion and delays.

The inconsistency in FEMA's interpretation and application of its policies has created significant challenges. FEMA's eligibility guidelines can be complex and prone to inconsistencies. FEMA's policies may change from one disaster to another, or even during the course of a recovery effort. This makes it difficult for staff to plan and anticipate what will be reimbursed, leading to potential issues with adjustments in funding amounts or scope of work. In some cases, staff invest significant amounts of time and resources into projects only to later find that FEMA has determined the costs are not eligible for reimbursement, causing financial strain.

The administrative burden of seeking FEMA reimbursement demands effective planning, experienced personnel, and the capacity to manage and track disaster-related expenses accurately. Effective cost recovery begins long before a disaster is declared and requires diligence in every stage of the

emergency. Investment in process development, training, and planning can assist the County in managing the administrative burden that comes with seeking FEMA reimbursement. Disaster cost recovery is inherently unpredictable, with no guarantees that reimbursements will be received, underscoring the need for the County to proactively develop internal financial policies and procedures to support post-disaster recovery. In the aftermath of a disaster, efficient and expeditious allocation of funds, combined with clear accountability and transparency, is crucial in ensuring resources are used effectively while maintaining public trust. By fostering these practices, the County can build a more resilient financial framework, better equipped to withstand future disasters.

It is recommended that the County establish a “Disaster Finance Working Group.” The Working Group could tackle challenges in the FEMA cost recovery process, while examining the broader challenges of disaster financial management by promoting collaboration, optimizing resource allocation, and driving more efficient response and recovery efforts through strategic financial planning and policy development. By taking a comprehensive approach, the Working Group will help ensure the County is better prepared to manage disaster-related costs efficiently, while strengthening its overall financial resilience. Tasks of the Disaster Finance Working Group may include, but are not limited to:

- ☐ Update the County FEMA Cost Recovery Plan.
- ☐ Assess and align County efforts in resource tracking, warehousing, and asset management to increase efficiency during emergencies and increase alignment with FEMA standards.
- ☐ Develop documented Standard Operating Procedures (SOPs) for collecting and managing disaster-related records, including standardized forms and procedures for collecting disaster damage and repair information.
- ☐ Plan for and develop FEMA PA training for County staff to understand the eligibility process, documentation, and reporting requirements.
- ☐ Develop financial management system reporting tools to better track and efficiently report on disaster-related expenses in compliance with FEMA regulations.
- ☐ Develop fiscal policies related to emergencies and the Emergency Operations Center including financial controls, interdepartmental cost allocation, reimbursement management, and access and use of unassigned funds for emergency response and repair costs.
- ☐ Develop tools to help with real-time tracking of costs and expense documentation.
- ☐ Identify policies and strategies for procurement during disasters, including emergency purchasing policies, pre-positioned contracts and purchase orders, streamlined processes, and detailed procurement card procedures in order to ensure flexibility in resource allocation while maintaining fiscal controls and compliance with federal regulations.
- ☐ Assess the feasibility of creating a dedicated disaster fund or account to more clearly separate disaster-related costs from regular operating expenses.

OTHER AGENCY INVOLVEMENT:

FINANCING:

There is no impact to the County General Fund with receiving this presentation. The Department of Emergency Management will be requesting an allocation of a new position to assist with cost recovery efforts including the above tasks in FY25-26 Budget Cycle.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

<u> </u>	Economic Development
<u> X </u>	Administration
<u> </u>	Health & Human Services
<u> X </u>	Infrastructure
<u> X </u>	Public Safety

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Attachments:

Attachment A: Presentation